

EUROPEAN PARLIAMENT

Working Documents

1981 - 1982

---

27 May 1981

DOCUMENT 1-250/81

A

MOTION FOR A RESOLUTION

on/possible improvements to the  
Common Agricultural Policy

Rapporteur: Sir Henry PLUMB

1.2.1



On 20 July 1979 the motion for a resolution tabled by Mr Curry pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible.

On 12 November 1979 the motion for a resolution tabled by Mr Blaney pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

On 14 April 1980 the motion for a resolution tabled by Mr Buchou and others pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets, the Committee on Economic and Monetary Affairs, the Committee on External Economic Relations, the Committee on Regional Policy and Regional Planning, the Committee on the Environment, Public Health and Consumer Protection and the Committee on Development and Cooperation for their opinions.

On 26 June 1980 the motion for a resolution tabled by Mr Klepsch and others pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible and to the Committee on Regional Policy and Regional Planning, the Committee on Social Affairs and Employment and the Committee on Budgets for their opinions.

On 17 September 1980 the motion for a resolution tabled by Mr Delatte pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets and the Committee on Development and Cooperation for their opinions.

On 13 October 1980 the motion for a resolution tabled by Mrs Barbarella and Mr Vitale pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

On 13 October 1980 the motion for a resolution tabled by Mr Diana pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion.

On 17 October 1980 the motion for a resolution tabled by Mr d'Ormesson pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets, the Committee on Economic and Monetary Affairs, the Committee on External Economic Relations and the Committee on the Environment, Public Health and Consumer Protection for their opinions.

On 3 November 1980 the motion for a resolution tabled by Mr Pranchère and others pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets, the Committee on External Economic Relations, the Committee on Regional Policy and Regional Planning, the Committee on the Environment, Public Health and Consumer Protection and the Committee on Development and Cooperation for their opinions.

On 12 January 1981 the motion for a resolution tabled by Mr Pisani pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible.

On 9 February 1981 the motion for a resolution tabled by Mr Curry pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible.

On 9 February 1981 the motion for a resolution tabled by Mr Woltjer pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible.

On 9 February 1981 the motion for a resolution tabled by Mr Blaney pursuant to Rule 25 of the Rules of Procedure on the common agricultural policy was referred to the Committee on Agriculture as the committee responsible.

By letter of 10 December 1980 the Commission of the European Communities sent to the European Parliament, for information, a communication concerning its reflections on the common agricultural policy.

On 15 September 1980 the Committee on Agriculture appointed Sir Henry Plumb rapporteur.

It considered these motions for resolutions and the communication at its meetings of 28, 29 and 30 January, 16 and 17 February, 22 and 23 April, 11 and 12 May and 20 and 21 May 1981.

At the last of these meetings it adopted the motion for a resolution by 21 votes to 8 with 3 abstentions.

Present: Sir Henry Plumb, chairman and rapporteur; Mr Früh and Mr Colleselli, vice-chairmen; Mrs Barbarella, Mr Battersby, Mr Bocklet, Mrs Castle, Mr Clinton, Mr Cronin (deputizing for Mr Fanton), Mr Curry, Mr Dalsass, Mr Davern, Mr Diana, Lord Douro (deputizing for Mr Provan), Mr Gatto, Mr Gautier, Mr Helms, Mr Hord, Mr Kirk, Mr Ligios, Mr Louwes (deputizing for Mr Jürgens), Mr Maffre-Baugé, Mrs Martin (deputizing for Mr Caillavet), Mr B. Nielsen, Mr d'Ormesson, Mr Papaefstratiou, Mr Pranchère, Miss Quin, Mr Tolman, Mr Vernimmen, Mr Vitale and Mr Wettig.

The opinions of the Committee on Budgets, the Committee on Economic and Monetary Affairs, the Committee on External Economic Relations, the Committee on Regional Policy and Regional Planning, the Committee on the Environment, Public Health and Consumer Protection and the Committee on Development and Cooperation are attached.

Pursuant to Rule 47(3) of the Rules of Procedure, the various motions for resolutions are annexed.

## CONTENTS

	<u>Page</u>
MOTION FOR A RESOLUTION .....	7
Opinion of the Committee on Budgets .....	18
Opinion of the Committee on Economic and Monetary Affairs .....	30
Opinion of the Committee on External Economic Relations .....	40
Opinion of the Committee on Regional Policy and Regional Planning .	51
Opinion of the Committee on the Environment, Public Health and Consumer Protection .....	59
Opinion of the Committee on Development and Cooperation .....	63

The Committee on Agriculture hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

on possible improvements to the Common Agricultural Policy

The European Parliament

- having regard to the motion for a resolution tabled by Mr D. CURRY (Doc. 1-245/79),
- having regard to the motion for a resolution tabled by Mr BLANEY (Doc. 1-491/79),
- having regard to the motion for a resolution tabled by Mr BUCHOU and others (Doc. 1-52/80),
- having regard to the motion for a resolution tabled by Mr KLEPSCH and others (Doc. 1-268/80),
- having regard to the motion for a resolution tabled by Mr DELATTE (Doc. 1-393/80),
- having regard to the motion for a resolution tabled by Mrs BARBARELLA and Mr VITALE (Doc. 1-480/80),
- having regard to the motion for a resolution tabled by Mr DIANA (Doc. 1-481/80),
- having regard to the motion for a resolution tabled by Mr d'ORMESSON (Doc. 1-502/80),
- having regard to the motion for a resolution tabled by Mr PRANCHERE and others (Doc. 1-519/80),
- having regard to the motion for a resolution tabled by Mr PISANI (Doc. 1-785/80),
- having regard to the motion for a resolution tabled by Mr D. CURRY (Doc. 1-823/80),
- having regard to the motion for a resolution tabled by Mr WOLTJER (Doc. 1-827/80),
- having regard to the motion for a resolution tabled by Mr BLANEY (Doc. 1-864/80),
- having regard to the European Parliament's opinion on 1981/82 prices on the basis of the report by Mr LIGIOS (Doc. 1-50/81),
- having regard to the European Parliament's resolution on agricultural structures policy on the basis of the report by Mrs BARBARELLA (Doc. 1-824/79),
- having regard to the Communication from the Commission of the European Communities to the Council concerning reflections on the Common Agricultural Policy (COM (80) 800 final),
- having regard to the report of the Committee on Agriculture and the opinions of the Committee on Budgets, the Committee on Economic and Monetary Affairs, the Committee on External Economic Relations, the Committee on Regional Policy and Regional Planning, the Committee on the Environment, Public Health and Consumer Protection, and the Committee on Development and Cooperation (Doc. 1-250/81),

- (i) having regard to the objectives of Article 39 of the Treaty of Rome,
- (ii) noting that the Commission has already begun work on a new approach to the problem of Community resources,
- (iii) whereas, the three main principles of the Common Agricultural Policy should be maintained and the expansion of the agricultural sector continued,
- (iv) whereas the present restrictions on budgetary resources have implications for all Community actions, although the Common Agricultural Policy is, by reason of its level of development, the most seriously affected by this constraint,
- (v) whereas an improvement is needed in control over the increase in production and its budgetary implications,
- (vi) whereas proposals concerning budgetary implications must also take account of the economic, social and regional consequences, and that only in this way can a global approach to agriculture and its place in the Community make it possible to achieve the Community's objectives in a satisfactory manner,
- (vii) considering the need to give European public opinion an overall view of the value and effectiveness of a global and consistent European agricultural policy and a clear awareness of the role of agriculture in the modern economy,
- (viii) considering the new constraints which may arise for the Community from its enlargement towards the South (already begun with the accession of Greece), which will increase regional disparities,
- (ix) whereas all these factors make adjustment of the Common Agricultural policy an urgent necessity,
- (x) whereas the Community needs to strengthen its commercial policy in the agricultural sector,
- (xi) considering it essential for the Community to use its political influence to secure long-term contracts for the sale of agricultural products outside the Community,
- (xii) recognising and reaffirming the Community's commitments under the Lomé Convention, and considering more generally the relations which the European Community intends to adopt with the Third World,
- (xiii) having regard to the overall food shortages in the world, in view of the alarm sounded by the FAO and the ACP/EEC Joint Committee, and the need for the Community to develop a food and general aid programme over the long term which will be independent of the CAP and the requirements of market management,
- (xiv) considering that a more rational development of the Common Agricultural Policy can only be ensured if economic and monetary union progresses beyond the European monetary system,
- (xv) considering that since producers, consumers, processors and food manufacturers are interdependent in economic terms, the Common Agricultural Policy must take into account all problems concerning food and agriculture,



## General principles

1. Notes with reference to the communication from the Commission to the Council entitled 'Reflections on the Common Agricultural Policy', in particular that
  - the creation of a common agricultural market has made a decisive contribution to the growth of the European Community,
  - the common agricultural policy has been and still is an important factor of integration contributing to the further development of the Community,
  - the common agricultural policy is the sole existing common policy based on financial solidarity,
  - all the highly industrialized countries spend at least equivalent amounts to the EEC on the agricultural market,
  - the aim of ensuring adequate supplies of foodstuffs to consumers at reasonable prices has been attained in recent years to a greater extent than the other aim of the common agricultural policy which is to enable farmers to participate in the general growth of earnings;
2. Emphasizes the importance of agriculture and related sectors for employment (22% of total employment) and the fact that a whole series of sectors - machinery, chemicals, food processing, transport and other service industries - depend on a healthy Community agricultural economy;
3. Considers that the importance of the CAP has been underlined by the present economic climate, in view of the need to maintain employment in the rural areas, together with the increasing importance of agricultural imports and exports to the balance of payments of the Member States;
4. Underlines the fact that agricultural producers have suffered a serious decline in agricultural incomes in recent years, and in the course of 1980 particularly, which threatens the future of farming, especially in certain regions of the Community;
5. Affirms that the three central principles of the CAP - common prices, Community preference and financial solidarity - must remain the basis of European policy; and that any change would lead to the progressive breakdown of the CAP into a series of uncoordinated national measures;

6. Believes that the application of the basic principles of the CAP has promoted a significant agricultural expansion in certain sectors, but at the same time because it is based essentially on open-ended and unlimited price guarantees has led to
  - (a) the creation of almost unsaleable surpluses in certain sectors and, in particular, of dairy products;
  - (b) continued disparities between the agricultural incomes of the various sectors of production and between the less favoured and more favoured agricultural regions of the Community;
7. Considers that there can be no doubt that price policy is the main instrument for the safeguarding of agricultural incomes, but that it has been asked to fulfil too many objectives, and underlines in particular the fact that it has not proved possible to rely on price policy alone to ensure reasonable incomes to producers, to promote economic vitality in the regions, and, at the same time, to guide adequately the pattern and the level of agricultural production;
8. Accepts that the existing budgetary restraints cannot be ignored, but considers that an appraisal of the CAP based solely on budgetary aspects could be distorted and could preclude the most rational long-term solutions;
9. Considers therefore that the problems of the CAP should not only be regarded from the point of view of restoring the balance in the Community's finances, but should also, and above all, be assessed in the light of a strategy designed to make the policy for the whole agricultural sector a dynamic factor in the development of the economy of the Community;
10. Rejects any solution based on greater use of uncoordinated and unauthorized national financing since this would lead to a progressive breakdown of the common agricultural market, to an increase in discrepancies in incomes and greater distortions in production and to intolerable conditions of unfair competition;
11. Considers that in order to guarantee stable food supplies for the Community, it is necessary to build up strategic food stocks, the resulting costs must not be borne by agriculture;

Price policy and measures to restore market equilibrium

12. Points to the dramatic transformation of the productivity of European agriculture in the last 20 years;  
Considers it essential to improve the instruments of the CAP in such a way as to create the conditions for the long-term development of efficiency in European agriculture, higher production to increase farmers purchasing power while respecting market balance, and effective marketing, which alone will make it possible to provide reasonable incomes in the agricultural sector; and that to this end, the CAP must be based more clearly on the following objectives:
- (a) Community agricultural production taking into account the requirements of the Community and world markets in terms of both quantity and quality, as well as international commitments;
  - (b) Increasing the value added of the agricultural and food sectors;
  - (c) The application of new technology and encouragement to research;
  - (d) An encouragement to exports, particularly those in which there is increasing and commercially viable demand while at the same time taking into account the interests of the developing countries;
  - (e) The improvement of the structures of production, processing and marketing;
  - (f) The introduction of stricter quality criteria;
13. Calls for the introduction of a global Community quantum for each sector related to the targets established for Community agricultural production for those products where the organization of the market is based primarily on intervention prices; beyond this global quantum co-responsibility would come into play;
14. Believes it important that the instruments proposed to achieve those objectives, while consistent with overall policy, must vary sector by sector, in the light of the very great differences between the individual commodities in terms of production conditions, market problems and levels of self-sufficiency;
15. Considers it necessary to grant direct compensatory payments, provided they are paid in return for services which are necessary for regional policy, social policy and ecological reasons and are not generally carried over into the market price (e.g. maintenance of farming activities in mountain and other less-favoured areas);
16. Calls on the Commission to ensure that when it formulates price proposals, it applies the objective method in such a way as to take realistic account of changes in producer incomes and the market situation;
- Believes that in the difficult price/cost situation facing Community agriculture today, price guarantees must be maintained at a suitable level in order to ensure a stable market and adequate producer incomes;
- The price policy must be operated in such a way that producers do not simply obtain prices well below those that have been fixed;

### Price relationships

17. Stresses, furthermore, that a proper hierarchy of prices, distinguishing between products which are in surplus and those which are not, is the best instrument for directing production and for ensuring a broad balance between supply and demand in agricultural products in terms of quantity and quality;
18. Considers that the price levels of the different agricultural products have not been sufficiently adapted to the changing market conditions and systems of production;

### Encouraging alternative production

19. Proposes that the range of instruments must be broadened by providing a wide range of differentiated aids and incentives enabling objectives of production development and crop conversion to be achieved in parallel with measures to ensure real prospects of development for the less favoured producers;  
  
Aid to a particular sector should be suspended when it has reached a satisfactory rate of growth and when the market provides a sufficient income; aids should be reviewed regularly to ensure their continuing cost effectiveness and to determine their effect on the economic pattern in the various sectors; a strict system of inspections should be introduced;
20. Believes that the Community, if it is to encourage farmers to produce less of those products for which there are no markets, must provide realistic alternative production possibilities, either by providing resources for changing production to new products or by improving existing market organization arrangements;
21. Emphasizes the important contribution that forestry can make to providing new production possibilities particularly for the less favoured regions; but notes, by the very nature of this sector, that incentives will be needed to ensure adequate and regular income to farmers who put land into forestry;
22. Stresses the need for adequate processing and marketing structures if measures to encourage alternative products are not to create new surpluses to replace the old;

Differences in national aids and economic conditions

23. Stresses the fact that over 60% of expenditure on agriculture in the Community is spent on purely national policies over which the Community has very little control, so that the increase in the Community's budget can be explained in part by the lack of coordination between Community and national policies;
24. Emphasizes that the degree to which a truly common agricultural policy can be implemented is weakened by the existence of uncoordinated national aids;
25. Calls on the Commission and Council to strengthen the administrative and technical measures for the monitoring of national aids, and to draw up a register of national agricultural aids with a view to harmonizing them and to reduce their scale and distortions to competition;
26. Demands that national aids should be authorized only after prior consultation with the Commission and the Council of Ministers and that where national aids are introduced without such prior authorisation the Commission should use its full powers immediately to call the member government to account and to disallow the aids;
27. Stresses that the principle of a unified market which characterizes the common agricultural policy cannot be fully implemented until an economic and monetary union is created and as long as different conditions of competition prevail in the individual Member States due to a variety of state measures;  
Sees therefore an urgent need for rapid progress towards economic and monetary integration in order to reduce the existing major discrepancies in economic and monetary development; also emphasizes that a genuine common agricultural policy is impossible without a coordinated tax system;
28. Calls on the Commission to produce a survey analysing and comparing the situation in the individual Member States as regards the support which the State gives to agriculture and the charges which the State places on agriculture, for example, through indirect taxation, taxes on land and income, the obligation to keep accounts, subsidy schemes and preferential loans and interest rates; at the same time, calls on the Council and the Commission to begin work immediately on harmonizing these economic conditions;
29. Stresses the need for the Commission to take greater account of the particular problems resulting from differing rates of inflation in member countries and calls on the Commission and the Council to take urgent and effective measures to assist producers affected by high rates of inflation;
30. Believes that the codification of regulations governing the CAP should be improved and that there is a diversity of ad hoc rules which make any real form of accounting impossible; calls therefore for the urgent implementation of a scheme of systems audit based on codification of agricultural regulations and law;

### Community trade policy

31. Emphasizes that for the Community's export potential to be fully realised, a proper commercial policy for both agricultural and food products is required, to include:
- (i) greater analysis of export possibilities and the products required in the world market;
  - (ii) permanent consultation with the major suppliers of food to the world market;
  - (iii) the generalization and improvement of the tendering system for export refunds;
  - (iv) more flexible management of the system of export refunds making it possible to adjust swiftly to the market situation and prevent fraud;
  - (v) the creation of an export sales agency to promote exports, and able to develop long term policies and draw up contracts with third countries;
  - (vi) the formation and management of regulatory stocks;
  - (vii) more effective financial and other controls to counter fraud and irregularities in the export trade in Community publicly financed agricultural and food products;

### Community preference

32. Is of the opinion that the principle of Community preference must be respected even in the case of preferential imports, in such a way that Community farmers do not have to defray the costs resulting from preferential imports and that foodstuff produced in the Community are not placed at a competitive disadvantage;
33. Calls upon the Commission and Council to formulate a joint strategy in the animal and vegetable fats sector and to take account without delay of the market equilibrium problems arising out of unrestricted imports of substitution products in the various sectors, particularly the milk and cereals sectors: considers it necessary and compatible with the GATT to introduce import equalizing levies in those areas where production within the Community is subject to a co-responsibility levy;
34. Calls upon the Commission and Council to adopt no solution which would have the effect of increasing costs both to the farmer and to the European economy and to ensure that the exports of the developing countries under no circumstances suffer as a result;
35. Believes it is necessary for the Community to enter into discussions with the suppliers of products which substitute for cereals with a view to arriving at a voluntary agreement on the development of such trade and the price formation of the products;

## Food Aid

36. Attaches the greatest importance to making a more active contribution to the fight against hunger in the world by:
- supplying the developing countries with agricultural products available in the EEC regularly and on preferential terms as called for in particular by the ACP countries;
  - increasing the volume of food aid and extending it to include new products (sugar, new milk-based products which may be used immediately);
  - aiding the developing countries to develop a diversified form of agriculture which complies with their needs;
37. Believes that food aid should be considered a policy in its own right, with its own medium and long-term objectives, programmes and instruments, rather than simply as a means of reducing existing surpluses; and that, therefore, food aid export refunds should be entered under Title 9 of the Community budget;

## Budgetary aspects

38. Calls more generally on the Commission to review the presentation of the budget so as to remove from the domain of the EAGGF all those items which are not related to agriculture;
39. Believes that adjustment of the budgetary year to coincide with the agricultural for the majority of products (April-March) would lead to a more effective management of both agricultural and budgetary policies;

## Energy and agriculture

40. Emphasizes the importance of greater consideration being given to energy in relation to agricultural production, and in particular:
- (a) the development of production methods which save energy and greater research, particularly into the practical application of new production methods by farmers;
  - (b) more rational use of traditional energy sources and examining how much energy can be saved by the use of techniques and farming methods which consume less energy;
  - (c) the production of crops from which energy can be obtained economically to substitute for imported oil;
41. Urges that the steadily rising costs resulting from the use of energy in agriculture be considered as one of the major factors during the annual farm price reviews;

## Structural and regional policies

42. Considers that structural policies should be more directed to aiding producers to adapt to new market and economic conditions, and in particular the need to reduce costs; emphasises in this context the importance of:
- (a) agricultural research programmes;
  - (b) the strengthening of agricultural information and advisory services to ensure the practical application of research on the farm;
  - (c) the basic and further training of agricultural and horticultural workers;
43. Recognises that the changes in economic conditions since the STRESA Conference have amplified the imbalances in the development of rural areas throughout the Community. Instruments should be developed to correct these imbalances, with agricultural policy applied in such a way as to take into account the needs of the poorer regions and countries without neglecting agriculture in the other regions;
44. Points to the particular problems faced by the less favoured, mountainous and Mediterranean regions, which the Community's regional and social policies must help to resolve;
- Calls on the Council and the Commission to take all necessary measures as soon as possible to provide effective assistance for these regions through programmes yielding rapid returns;
45. Underlines the need to restore a balance to the unjust income levels and the working and living conditions in which the producers in these regions, and in the lesser developed farms in the Community are forced to operate, the need for a fairer and more effective redistribution of EAGGF interventions, and the need for rules which correspond more closely to the social and economic reality of the Community's regions;
46. Is of the opinion that, with this end in view, the present instruments of agricultural policy must be corrected since they have proved inadequate to maintain balanced production and ensure homogeneous regional development;
47. In particular the following measures are required:
- (a) the closer coordination of structural policies and the instruments and operation of the market organizations for the individual products;
  - (b) a structural policy which concentrates more on specific programmes and on the regions of greatest need and greater use of combined interventions under the various European funds through integrated operations;



- (c) Community action based on more flexible criteria and on the principle of regional differentiation in order to enable the resources of each regional entity to be used to the full;
- (d) regional policies to create parallel industries in the poorer regions, by the creation of a Rural Fund combining the Agriculture, Regional and Social Funds;
- (e) contracts to encourage regional development;

- 48. Believes that in combining agricultural structural projects with regional and infrastructural measures in predominantly agricultural areas to create non-agricultural jobs by more intensive use of the Regional and Social Funds, particular attention should be paid to the further processing of agricultural products and to forestry, tourism and crafts and labour-intensive industrial undertakings; is convinced that this would reduce the pressure to increase agricultural production and that the combination of agricultural and non-agricultural activities would satisfy income expectations more fully, create a healthy social and ownership structure and prevent rural depopulation;
- 49. Stresses the problems faced by young farmers in entering agriculture and believes that social measures are required, particularly in the field of vocational training;
- 50. Considers the coexistence of full-time farming, part-time farming and secondary farming activities necessary in order to maintain a differentiated agricultural structure;

#### Institutional problems

- 51. Points out that the Common Agricultural Policy faces problems in adjusting to changing circumstances due to loss of influence of the Commission and the fact that the Council of Ministers is involved excessively in the details of policy;
- 52. Believes also that since the CAP is the most elaborated of the Community's common policies, the Commissioner for Agriculture and the Council of Ministers should recognise the particular role of Committee on Agriculture of the European Parliament and the Parliament itself as co-managers of the policy, having regard to the fact that the Parliament is joint budgetary authority;

0

0 0

- 53. Instructs its President to forward this resolution to the Council and Commission.

